

Message Text

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PAGE 01 BERN 00175 130936Z
ACTION AGRE-00

INFO OCT-01 EUR-12 ISO-00 EB-08 STR-06 COME-00 TRSE-00
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R 130830Z JAN 78
FM AMEMBASSY BERN
TO SECSTATE WASHDC 5557

UNCLAS BERN 0175

PASS AGRICULTURE FOR HARRISON/FAS

EO 11652: NA
TAGS: ETRD SZ
SUBJ: IMPORT LEVY ON SORGHUM

REF: STATE 306210

1. AFTER NUMEROUS DISCUSSIONS WITH MEMBERS OF SWISS
GRAIN TRADE INCLUDING SWISS COOPERATIVE FOR GRAIN
AND FEED (GGF) WHICH IS RESPONSIBLE FOR INITIATING FEED
GRAIN LEVY CHANGES, AGATT WAS INFORMED THAT ONLY EXEMPTION
FROM LEVY CHARGES THE TRADE REMEMBERS WAS GIVEN IMPORTERS
OF ALFAFA PELLETS LAST WINTER WHEN INCREASE WOULD
HAVE MATERIALLY INCREASED SWISS DAIRYMEN'S COSTS BECAUSE
OF 1976 DROUGHT-STRICKEN HAY CROP.

2. THE BASIC SWISS GRAIN IMPORTER POSITION IS TO ASSUME
RISK OF A LEVY CHANGE. USUALLY, IMPORTERS ARE WELL
AWARE OF WORLD MARKET PRICES AND CAN TAKE DELIVERY POSITIONS
IN ANTICIPATION OF LEVY INCREASES OR DECREASES. ALSO, THE
US EXPORTER IS NOT NORMALLY EXPOSED TO SUCH RISK BECAUSE
EXPORT CONTRACTS ARE RARELY PRICED BASIS DELIVERY WITHIN
SWITZERLAND, I.E., ALL COSTS, INCLUDING LEVIES, PAID BY
SELLER.

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3. THERE IS NOT NOW, NOR HAVE THERE BEEN WITHIN AT LEAST
LAST YEAR, EXEMPTION PROVISIONS SPECIFICALLY APPLICABLE
TO CONTRACTS IN PROGRESS. KRAUSE MAY BE REFERING TO ARTICLE
4 OF MAR 29, 1977 ANNOUNCEMENT TITLED QUOTE
REIMBURSEMENT AND ABOLISHMENT UNQTE, WHICH, INFORMALLY
TRANSLATED, READS AS FOLLOWS: QTE, IN EVENT IT CAN
BE PROVED THAT COMMODITIES SUBJECT TO LEVIES HAVE BEEN

RE-EXPORTED, OR IN EVENT LEVIES WOULD MEAN AN
UNACCEPTABLE HARDSHIP, SWISS DEPT OF PUBLIC
ECONOMY MAY DIRECT SWISS COOPERATIVE FOR GRAIN AND FREED,
AFTER HEARING THE LATTER, TO REIMBURSE THE LEVY TO
IMPORTER IN WHOLE OR IN PART, OR ABOLISH IT COMPLETELY UNQTE.

4. WE ARE AT A LOSS HOW TO SPECIFY TO THE DEPT OF
PUBLIC ECONOMY NATURE OF QUOTE UNACCEPTABLE
HARDSHIP UNQTE KRAUSE IS LIKELY TO INCUR. FROM OUR
UNDERSTANDING OF THE CONTRACT BASED ON CONVERSATIONS WITH
THE BUYER INTERCORN, KRAUSE SOLD THE SORGHUM BASIS
DECEMBER SHIPMENT CIF ROTTERDAM. WE HAVE REQUESTED, BUT
HAVE NOT RECEIVED, A COPY OF CONTRACT. ASSUMING CONTRACT
WAS ACCURATELY DESCRIBED AND THAT KRAUSE
HAS COMPLIED WITH ALL TERMS, LEVY INCREASE WOULD
NORMALLY BE FOR INTERCORN'S ACCOUNT.

5. ACTION REQUESTED: AFTER CONSIDERING THE ABOVE,
PROVIDE US WITH A BASIS FOR AN UNACCEPTABLE HARDSHIP
CLAIM BY KRAUSE THAT WE MAY PUT FORWARD TO THE GOS.
WARNER

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NNN

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TAGS: ETRD, SZ
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